

## **complaint**

Mr S is unhappy that he was given incorrect annuity quotes by The Prudential Assurance Company Limited.

## **background**

Mr S received annuity quotes from Prudential in September and December 2017. Mr S and his financial adviser queried the numbers with Prudential in early 2018 and they confirmed the quotes were correct and explained the procedure on how to take the benefits.

Mr S's financial adviser checked quotes with other providers on the open market but Prudential's quote was the best, so he decided to go ahead with Prudential's quote. However, Prudential then told him that the quotes were incorrect and in fact they weren't offering their own annuities anymore.

In February 2018 Prudential apologised to Mr S and offered him £150 in compensation. They also gave him more time to think about his options and delayed deferring his retirement date and switching his investments to cash. If Mr S decided to take his benefits before March 2018 Prudential said they would make sure he wasn't disadvantaged by the delays they caused.

Mr S wasn't happy with this and complained to this service. He feels Prudential should honour their initial quotations. Our investigator didn't think this would be fair, however he recommended that Prudential should pay Mr S a total of £300 in compensation for the troubles caused.

Mr S disagreed and so his complaint was referred to me for a decision.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so I think the compensation recommended by the investigator is reasonable in the circumstances. I know this will come as a disappointment to Mr S. I'll explain my reasons in more detail below.

It is very disappointing that Prudential issued annuity quotes in September and December 2017 to Mr S which were incorrect and even more so as they were sent months after Prudential withdrew from the annuity market. There is no doubt this shouldn't have happened. And I can understand Mr S's frustration and disappointment particularly as he and his adviser checked the annuity amounts with Prudential before making their decision to proceed and were told on the phone the quotes were correct. He understandably and reasonably relied on the figures given to him by Prudential and planned to retire on this income.

The annuities Mr S can get on the open market are a lot lower than the incorrect amounts shown on Prudential's quote. As a result he had to delay his retirement and continue working. Mr S feels he has lost out on thousands of pounds of pension income and wants Prudential to honour the quotes they gave him. I appreciate Mr S was planning his retirement with the annuity income he was quoted and it's now very disappointing that he

won't receive this extra money. However, this was never income that was available or that he was entitled to. So it wouldn't be fair to ask Prudential to honour an incorrect quote.

As a service we try to put customers as much as possible in the position they would have been in had the business not made any errors. When Mr S asked for information about his pension in September 2017, Prudential should have advised Mr S of the transfer value and should have explained that they didn't offer annuities any longer. Mr S would have then gone to the open market and he confirmed to us that based on the available rates he wouldn't have been able to retire and would have continued working. So even if no error had occurred the quoted annuity wouldn't be available to him and he still wouldn't be retired now.

Of course this doesn't mean Prudential's error had no impact. Mr S was planning to retire and I don't want to deflect from the frustration and disappointment he must have felt when he was told at the last minute that he wouldn't receive the income he was expecting and which forced him to change his plans. Mr S is self-employed and prepared to retire by winding down his clientele which he says caused him embarrassment when he had to go back to work.

Our investigator thought Prudential's initial offer didn't reflect the trouble and upset their error caused Mr S. He asked them to increase their offer from £150 to £300. I understand that Mr S thinks the compensation should be relative to the amount he was expecting to receive and therefore should be higher. Paying compensation is no exact science and I considered the loss of expectation Mr S suffered and the changes of plans he had to make. And on balance I think £300 is a reasonable award in the circumstances.

### **my final decision**

For the reasons I've explained I uphold Mr S's complaint. I understand Mr S has already received £150, so I request The Prudential Assurance Company Limited to pay Mr S another £150 to bring the total compensation up to £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 February 2019.

Nina Walter  
**ombudsman**